



CITY OF NEWARK

220 South Main Street · Newark, Delaware 19711
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CITY OF NEWARK
Delaware

REQUEST FOR PROPOSAL (RFP) NO. 17-05

PROVISION OF AUDIT SERVICES

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RFP NO. 17-05

PROVISION OF AUDIT SERVICES

PUBLIC NOTICE

The City of Newark, Delaware will accept sealed proposals for the provision of Audit Services of its financial records.

Submissions shall be made in two sealed envelopes. The first envelope shall contain one (1) original and ten (10) copies of the proposal and all other required documents and shall be clearly labeled with the firm's name and "Proposal - RFP No. 17-05, Provision of Audit Services". **No pricing or budgetary information is to be included in the proposal envelope.** The second envelope shall contain one (1) original and ten (10) copies of the proposed pricing proposal and shall be clearly labeled with the firm's name and "Budget Proposal - RFP No. 17-05, Provision of Audit Services."

Proposal documents must be received in the Purchasing Office prior to 2:00 p.m. prevailing time, Tuesday, October 10, 2017. Firms assume all responsibility to ensure our successful receipt of proposal packages. Each proposal so submitted shall constitute an irrevocable offer for a period of ninety (90) calendar days following the bid opening date. The receipt of which will be read aloud at that time in the Council Chamber of the Newark Municipal Building.

Proposals shall be submitted to:

City of Newark
Office of the City Manager
220 South Main Street
Newark, DE 19711

Copies of this RFP can be obtained from the City of Newark's website at www.newarkde.gov/bids.aspx.

CITY OF NEWARK
Delaware

RFP NO. 17-XX

PROVISION OF AUDIT SERVICES

I. INTRODUCTION

A. General Information

The City of Newark requests proposals from qualified, certified public accounting firms for the provision of auditing services for the fiscal year ending December 31, 2017 and if the firm engaged for year one performs satisfactorily, they will be engaged to perform the City's audits for the following two years. This term may be extended for an additional two years beyond the three contemplated in this RFP pending continued satisfactory performance and the mutual agreement by and between the auditing firm and the City of Newark.

The audit(s) shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations."

The City of Newark is the third largest city in the State of Delaware with a population of approximately 33,500 and an annual budget in excess of \$49 million. Newark operates under a Council-Manager form of government and provides traditional municipal services such as public safety, street maintenance/snow removal, trash collection, electricity, water service, sewage service, planning and zoning, community development/housing, animal enforcement, parks and recreation, building inspections, city elections, and general administration.

B. Funds Types

The City complies with Generally Accepted Accounting Principles (GAAP) including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following fund types are identified in Newark's financial reporting:

Governmental Funds

1. General Fund
2. Special Revenue Funds
 - a. Downtown Newark Partnership Fund
 - b. Community Development Fund
 - c. Law Enforcement Fund
 - d. Parks and Recreation Special Revenue Fund
 - e. Unicity Bus Fund
3. Debt Service Fund
4. Capital Projects Fund

Proprietary Funds

1. Electric Fund
2. Water Fund
3. Sewer Fund
4. Parking Fund

Other Funds

1. Internal Service Funds
 - a. Maintenance
 - b. Self Insurance
2. Fiduciary Funds
 - a. Pension Trust Fund
 - b. City Manager's 401(a) Fund
 - c. Management Employees 401(a) Fund
 - d. RHS Plan 2009 Fund
 - e. RHS Plan 2012 Fund
 - f. OPEB Fund

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

1. The audit services provided shall be for the purpose of expressing an opinion on the City of Newark's basic financial statements taken as a whole, in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations."
2. Audit services shall include examination of and reporting on the City's internal control structure, including recommendations on findings, if any.
3. Audit services may include the Single Audit of the financial statement and schedule of federal awards in accordance with OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations."

B. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.

3. A report on compliance and internal control over compliance applicable to each major federal program in accordance with OMB Circular A-133.
4. The Schedule of Expenditures of Federal Awards and related auditor's reports as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report and are to be issued separately.

III. AUDIT COMPLETION AND TERMS OF AGREEMENT

A. Interim Work

The auditor shall complete interim work by December 31, 2017 for the City's December 31, 2017 fiscal year. If retained as auditor, the firm shall complete interim work prior to the end of the City's December 31, 2018 fiscal year and prior to the end of the City's December 31, 2019 fiscal year. If applicable, years four and five (December 31, 2020 and 2021) audit engagements would also be required to have interim work completed prior to the last calendar day of each year (Newark's fiscal year end).

B. Detailed Audit Plan

The auditor shall provide the City of Newark a detailed audit plan including a list of all schedules to be prepared by the City of Newark ten days after the end of the City's December 31, 2017 fiscal year and, if applicable, ten days after the City's December 31, 2018 and 2019 fiscal years. Additional years, if applicable, will also be required to adhere to this timeframe.

C. Fieldwork

The auditor shall complete all fieldwork by April 10, 2018 for the City's December 31, 2017 fiscal year. If retained as auditor, the firm shall complete all fieldwork 100 days from the end of the City's December 31, 2018 and 2019 fiscal years. Additional years, if applicable, will also be required to adhere to this 100-day timeframe.

D. Draft Report

The auditor shall transmit a draft audit report and discuss findings and recommendations with the City Manager and the Finance Director by May 15, 2018 for the City's December 31, 2017 fiscal year. If retained as auditor, the firm shall complete draft reports and discuss findings and recommendations with the City Manager and the Finance Director 135 days from the end of the City's December 31, 2018 and 2019 fiscal years. Additional years, if applicable will also be required to adhere to this 135-day timeframe.

E. Audit Report

The auditor shall transmit completed audit report to the City by May 30, 2018 for the City's December 31, 2017 fiscal year. If retained as auditor, the firm shall transmit a completed audit report to the City 150 days from the end of the City's December 31, 2018 and 2019 fiscal years. Additional years, if applicable, will also be required to adhere to this 150-day timeframe.

F. Presentation to Council

The auditor shall be prepared to discuss and present the audit report to City Council at its 2nd scheduled meeting in the month of July of each year, including the audit for the City's December 31, 2017 fiscal year.

G. Provision of Data

The Accounting Department of the City of Newark shall prepare draft financial statements, notes, and all required supplementary schedules (and statistical data).

H. Report Preparation

Editing and printing of reports shall be the sole responsibility of the auditor.

I. Terms of Agreement

The terms set forth in any resulting agreement will pertain to fiscal year 2017 and, if applicable, fiscal years 2018 and 2019 with the option of extending the life of the agreement two additional years (2020 and 2021) if mutually agreed to by both parties. The agreement may be terminated with a thirty-day written notice by either party at any time.

IV. PROPOSAL REQUIREMENTS

The following information is required for a proposing firm to be considered. Please note that all materials provided by interested bidders as part of the proposal will become public documents at the time of the bid opening.

A. License to Practice

The audit firm and all assigned key professional staff must be certified public accountants and licensed to practice in the State of Delaware.

B. Firm Qualifications and Experience

1. The proposal should include a list of contacts and telephone numbers for recent municipal governments audited by the firm in Delaware; the firm's experience in auditing municipal and utility entities; the names of partners, managers, supervisors, and staff to be assigned to this account and their specific backgrounds in municipal auditing and any other such data that would assist in the review of the firm's proposal.
2. The proposal should also include a copy of the firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments. Additionally, a statement whether the review included specific governmental engagements.
3. The proposal should also include information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. The proposal should also include the number of the firm's present clients that have received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting as well as references and contact information from at least three (3) comparable governmental audit clients.

C. Fee

The proposed fee should include:

1. The estimated number of auditor days
2. The cost per auditor day
3. Out of pocket expenses (travel, etc.)
4. Total firm fee for 2017, 2018, 2019 segregated between the fee for the financial statement audit and the Single Audit.
5. The total firm fee for the entire program will be considered a “not to exceed” annual fee. Additional engagement work will be negotiated separately.

D. Manner of Payment

Progress payments to the successful firm will be made upon receipt of monthly invoices less a ten percent (10%) retainage with final payment to be made upon receipt of the audit report and its acceptance by City Council.

E. Independence

1. The firm should provide an affirmative statement that is independent of the City of Newark as defined by general accepted auditing standards/the US General Accounting Office's Government Auditing Standards.
2. The firm should also provide a list describing the firm's professional relationships involving the City of Newark for the past three (3) years with an explanation of why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
3. The firm shall provide the City of Newark a written notice of any professional relationships entered into during the period of engagement.

V. EVALUATION PROCEDURES

A. Selection Criteria

1. An Evaluation Committee comprised of the Finance Director, the Deputy Finance Director, the Deputy City Manager, the IT Manager, and the Assistant to the Managers will evaluate the proposals.

2. The selection criteria for evaluation of proposals include the following:

a. Mandatory Elements

1. The audit firm is independent and licensed to practice in the State of Delaware (CPA).
2. The firm has no conflict of interest with regard to any other work it performs on behalf of the City of Newark or any other entity.
3. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
4. The firm submits a copy of its latest peer review report, which details the firm as a provider of quality audit provision.

b. Technical Qualifications:

Expertise, Experience and Staffing

1. The firm's experience and performance on comparable government engagements.
2. The experience (resumes/relevant involvement) of the professionals that will be assigned to the engagement and the quality/level of the firm's management support that will be made available for technical consultation.
3. The adequacy of the proposed staffing plan for various critical segments of the engagement.

c. Price:

Supply an annual fee for the audit service segregated between the financial statement audit and the Single Audit, inclusive of travel, per diem, and out-of-pocket expenses. As noted above, it is expected that if the selected firm performs satisfactorily for the December 31, 2017 audit, it will be engaged to perform the succeeding two years with the possibility of extending the agreement two (2) additional years beyond that period. Therefore, the annual fee requested shall continue for up to five years of continual engagement.

VI. ORAL PRESENTATIONS

During the evaluation process, the evaluation committee may, at its discretion, request one or more of the firms make oral presentations. Such presentations will provide firms with the opportunity to answer questions raised by the committee regarding proposals.

VII. RIGHT OF REJECTION

The City reserves the right to reject any or all proposals and to waive informalities and minor irregularities in the proposals received. It is contemplated that an agreement will be awarded to the most responsible firm whose proposal will be most advantageous to the City. The City may accept other than the lowest proposal. This is not a bid and is not subject to the bid regulations.

VIII. INQUIRIES

Technical questions pertaining to the Request for Proposal shall be directed to Jill Hollander, Deputy Finance Director, at JHollander@Newark.de.us or 302-366-7000. Contractual questions pertaining to the Request for Proposal shall be directed to Mark Brainard, Assistant to the Managers, at MBrainard@newark.de.us or 302-366-7000. All inquiries must be submitted by Tuesday, October 3, 2017.